The Boots Company Ltd Report and Accounts

FOR THE YEAR ENDED 31st MARCH 1975

Annual report for the year ended 31st March 1975

CONTENTS

DATES AND FACTS TO NOTE

Dividend and interest payments

Ordinary dividends Interim: Announced November. Payable January.

Ordinary dividends Final: Proposed May. Payable July.

6% loan stock interest: Paid 30th June, 30th September, 31st December and 31st March.

6¼% loan stock interest: Paid 1st September and 1st March.

7¾% loan stock interest: Paid 30th September and 31st March.

8% loan stock interest: Paid 31st July and 31st January.

Results

For half-year: Announced November.

For the year: Announced May.

Report and accounts: Circulated June.

For capital gains tax purposes the market value of a Boots share on 6th April 1965 was 80p and of £100 6% loan stock was £90·37½.

Board of directors

Chairman	G. I. Hobday
Managing director	D. E. M. Appleby
	J. H. Arkell, C.B.E.
	L. A. Coombs
	H. J. Hann
	B. Jefferies
	P. T. Main, M.D.
	Lord Redmayne, P.C., D.S.O.
	A. D. Spencer
	M. J. Verey
	A. G. S. Wilkes
	F. W. Wright, F.P.S.

Secretary	D. N. Edmundson
Registered office	Nottingham, NG2 3AA
Auditors	Peat, Marwick, Mitchell & Co.
Bankers	National Westminster Bank Ltd.

Report of the directors

The directors submit their eighty-seventh annual report to shareholders, together with the audited accounts for the year ended 31st March 1975.

Profits, dividends and retentions

The group profit and loss account shows a profit before taxation of £65,673,000 compared with £63,724,000 for the previous year, and a profit after taxation of £31,683,000 as against £30,919,000.

The profit after taxation attributable to the shareholders is £31,410,000 compared with £30,761,000 for the previous year.

The directors recommend the payment of a final dividend of 2·8542p per share, which together with the interim dividend paid on 10th January 1975, makes a total dividend of 4·4827p per share for the year. A higher dividend is precluded by the Government's Counter-Inflation measures.

The remainder of the group net profit after paying these dividends is £23,427,000 which has been transferred to reserves.

Further details are shown on page 16.

Principal activity

The principal activity of the group is that of retailers of chemist and other merchandise, and the manufacture and wholesale distribution of pharmaceuticals, drugs, fine chemicals and toilet preparations. Fuller details are shown on page 4.

Overseas sales and profits before taxation contribute the following amounts to group results:

	1975		1974	
	Sales £m	Profits £m	Sales £m	Profits £m
Africa and Near East	8·0	1·8	6·0	1·1
Australasia	6·5	1·3	5·5	1·0
Asia	8·5	2·2	6·8	1·9
Americas	2·7	1·2	1·6	·7
Europe	17·3	5·7	12·6	4·5
	43·0	12·2	32·5	9·2

Fixed assets

The directors are of the opinion that the market values of the properties of the group, which are all employed in the business, are substantially in excess of the net book value of £103,729,000 shown in the group balance sheet.

Details of movements of fixed assets are shown in note 10 on page 22.

Exports

Exports from the UK in the year amounted to £22,869,000.

Employees

The average weekly number of employees in the UK during the year was 68,846 which included 31,503 part-time staff. The aggregate remuneration paid to these employees was £82,746,000.

Charitable and political payments

Payments totalling £78,000 have been made during the year for charitable and educational purposes.

There were no political payments.

Directors

Mr. J. H. Arkell, C.B.E., having attained the age of 65, retires and offers himself for re-election. Mr. M. J. Verey retires by rotation in accordance with article 100 and offers himself for re-election.

The names of the directors and their interests in the share and loan capital of the company are shown on page 28. No director had any interest, either during or at the end of the financial year, in any contract which was significant in relation to the group business.

Company status

The Boots Company Ltd. is not a close company.

Auditors

The auditors, Messrs. Peat, Marwick, Mitchell & Co., are willing to continue in office and a resolution concerning their remuneration will be proposed at the annual general meeting.

By order of the board,
D. N. EDMUNDSON, Secretary.
19th May 1975.

Principal companies

Parent The Boots Company Ltd. — Manufacturers and wholesale distributors of pharmaceuticals, drugs, fine chemicals and toilet preparations.

	Percentage held by Parent	Percentage held by Subsidiaries	Principal activities
Subsidiaries			
INCORPORATED IN GREAT BRITAIN			
Boots The Chemists Ltd.	100		Retail chemists
Boots Pure Drug Co. Ltd.	100		Management company
Boots International Ltd.	100		Management company
Boots Farm Sales Ltd.	100		Agricultural and veterinary suppliers
Timothy Whites Ltd.	100		Retailers of housewares
Whites Property Co. Ltd.		100	Property holding
The Crookes Laboratories Group Ltd.	100		Manufacturing and wholesale chemists
Crookes Anestan Ltd.	100		Wholesalers of pharmaceutical and toilet preparations
Watts Brothers (Manchester) Ltd.	100		Wholesalers of hairdressers' requisites
INCORPORATED OVERSEAS			
Australia			
The Boots Company (Australia) Pty. Ltd.	100		Manufacturing and wholesale chemists
France			
Laboratoires Dacour, S.A.	92·5		Manufacturing and wholesale chemists
India			
The Boots Company (India) Ltd.	58·1		Manufacturing and wholesale chemists
Italy			
Boots-Formenti S.p.A.	55		Wholesale chemists
Kenya			
Kenya Overseas Co. Ltd.		100	Manufacturing and wholesale chemists
New Zealand			
Boots The Chemists (New Zealand) Ltd.	100		Retail chemists
Nigeria			
The Boots Company (Nigeria) Ltd.	60		Wholesale chemists
Pakistan			
The Boots Company (Pakistan) Ltd.	56·5		Manufacturing and wholesale chemists
Singapore			
The Boots Company (Far East) Pte. Ltd.	100		Wholesale chemists
South Africa			
The Boots Company (South Africa) (Pty.) Ltd.	100		Manufacturing and wholesale chemists
Tanzania			
K.O.C. (Tanzania) Ltd.		100	Manufacturing and wholesale chemists
Thailand			
The Boots Company (Thailand) Ltd.	100		Wholesale chemists

All the above shares held are ordinary shares.
All the companies operate principally in the country of incorporation.

Directors and officers of principal subsidiaries

Boots The Chemists Ltd.

D. E. M. Appleby, Chairman

A. A. Binney
S. R. Burdon, M.P.S.
D. Cargill
W. Cooper, M.P.S.
J. G. Davies, M.P.S.
Miss G. F. Davis
L. W. Day, M.P.S.
M. Gibson
R. N. Gunn
H. J. Hann
D. Happs, M.P.S.
W. D. Jarrett, M.P.S.
B. Jefferies
W. K. S. Moore, M.B., B.Chir.
A. G. Price, M.P.S.
A. P. Ridley-Thompson
J. M. T. Ross, F.P.S.
B. Silverman, M.P.S.
W. Smith, M.P.S.
A. D. Spencer
G. M. Tebbot, M.P.S.
J. I. Thomson, M.P.S.
P. H. A. Van Oss
K. F. Whynes, M.P.S.
A. G. S. Wilkes
F. W. Wright, F.P.S.

D. N. Edmundson, Secretary

Timothy Whites Ltd.

D. E. M. Appleby, Chairman

T. K. W. Davies
R. N. Gunn
H. J. Hann
B. Jefferies
J. A. Prescott, M.P.S.
A. D. Spencer

D. N. Edmundson, Secretary

Boots Pure Drug Co. Ltd.

D. E. M. Appleby, Chairman

E. L. Archer
G. Buxton
E. E. Cliffe
L. A. Coombs
S. A. Hibbert, M.P.S.
G. A. Hollows
B. Jefferies
S. A. B. Kipping
P. T. Main, M.D.
Miss J. M. Savage
C. E. G. Scarth
A. G. S. Wilkes

I. A. Hawtin, Secretary

Boots International Ltd.

D. E. M. Appleby, Chairman

L. A. Coombs
B. Jefferies
I. F. Kent
P. T. Main, M.D.
T. G. Richardson
K. T. Robinson
A. G. S. Wilkes

I. A. Hawtin, Secretary

Group highlights

for the year ended 31st March 1975

		% change over previous year
Net world sales Ventes mondiales nettes Netto Weltumsatz	£531·5 million	+ 20·4%
of which: dont: davon:		
Sales in the UK Ventes au Royaume Uni Umsätze innerhalb des Vereinigten Königreiches	£488·5 million	+ 19·4%
***Exports from the UK** Ventes exportées du Royaume Uni Exporte aus dem Vereinigten Königreich	£ 22·9 million	+ 34·4%
Sales by overseas subsidiaries Ventes des filiales étrangères Umsätze der ausländischen Tochtergesellschaften	£ 25·0 million	+ 26·0%
Profit before taxation Bénéfice avant impôt Gewinn vor Ertragsteuern	£ 65·7 million	+ 3·1%
Profit after taxation attributable to shareholders Bénéfice après impôt revenant aux actionnaires Anteil des Gewinns nach Ertragsteuern, der auf die Aktionäre entfällt	£ 31·4 million	
Earnings per share Bénéfice par action Gewinn pro Aktie	17·6 p	
Dividends to shareholders Dividende proposé Dividendenvorschlag	£ 8·0 million	
Retained in the business Report à nouveau Gewinnvortrag	£ 23·4 million	
Capital expenditure during the year Investissements de l'année Investitionen während des Jahres	£ 35·7 million	

*Includes £4·9 million to overseas subsidiaries

Statement by the Chairman   Dr. G. I. Hobday

Shareholders will not need to be reminded that the year 1974/75 was, unfortunately, one of continuing economic upheaval with inflationary pressures intensifying and the national current deficit increasing. This gloomy background to our trading was not unexpected from the events of the previous year and we had adjusted our business to make as much progress as possible in the circumstances. In a year in which the growth of U.K. consumers' expenditure was virtually nil in real terms, our company sales increase of 20·4%, being about 5% in volume terms, was a fair achievement and the resultant profit exceeded our budget. Our overseas business continued to do well overall but although it is growing relatively much faster than our trading in this country, the results of U.K. retailing are still predominant. As the value of money has depreciated so the real value of retained profits has diminished and more and more of the Company's earnings are now having to remain locked up in working capital only to maintain and not advance the substance of our business.

Profit and Taxation

Group profit before tax increased by 3·1% to £65·7m., £2m. more than the profit of the previous year. After deducting Corporation Tax of £34·0m. and the interest of minority shareholders in certain overseas subsidiary companies there remains £31·4m. available for Boots Ordinary Shareholders being earnings of 17·6 pence per share compared with 17·3 pence per share last year.

An interim dividend of 1·6285 pence per share was paid in January and a final dividend of 2·8542 pence per share is proposed for payment on 17th July 1975. The total dividend for the year will thus be 4·4827 pence per share, which is the maximum amount permitted by present legislation, and compares with 4·1257 pence per share for last year.

After paying the dividends, requiring a total cash sum of £8·0m., there remains £23·4m. retained in the Company which will be ploughed back to help finance our substantial fixed capital programme of new shops, warehouses, factories and offices and the additional working capital needs of the business.

The statement of sources and application of funds on page 17 demonstrates that we have so ordered our affairs that our cash resources remain at a satisfactory level after financing the largest capital expenditure programme we have ever undertaken. It is our intention to continue so to invest for the future.

The high rates of inflation, in the U.K. particularly, cause serious distortion in accounts prepared on the historical cost basis, which ignore the fall in the purchasing power of money. A supplementary statement on page 24 demonstrates clearly that inflation erodes the real value of profit retained in the business and measured in terms of what that money will now buy you will observe that our retained profit for the year of £23·4m. is really worth only £15·5m. Moreover, our profit (before paying interest on loans and corporation tax) shows a real return of 18·5% on capital employed.

Your directors consider that it is proper to re-arrange the structure of the Company's share capital and reserves so that the two are brought more into balance, and accordingly recommend a capitalisation issue of one ordinary share for each ordinary share held. The Extraordinary General Meeting to give effect to this issue of shares will be held immediately after the Annual General Meeting.

At the same time we shall propose to you that the limit which our Articles of Association place on the remuneration of non-Executive Directors should be increased. The present limit of £2,500 p.a. has existed for seventeen years during which time its value has been considerably reduced in real terms. Our non-Executive Directors contribute in a most important way to the conduct of our affairs and it is essential for the Company to be able to compensate them appropriately so that we can always retain and recruit people of the highest ability. It must be emphasised that the proposal is relevant only to non-Executive Directors: for many years directors' fees of our Executive Directors have been fixed at a level much below the present limit. We have no intention of making any change in this practice.

Retail Operations

Generally it has been a difficult trading year although, as we had expected at the end of the first half, the second half showed some considerable degree of improvement. Inflation of costs in all sections of retailing, but particularly those relating to staff and property, have necessitated a careful review of our operating procedures. The ever-increasing impact of Government legislation adds greatly to our operating expenses. We support strongly the view that retailers are now so constrained by market forces that the Price Code regulations are unnecessary and should be abolished.

Boots The Chemists

Counter sales for the third year in succession increased by more than 20%. Although higher prices arising from cost inflation accounted for some two-thirds of this increase, there was still a substantial element of real volume growth. This was achieved despite intense price competition during a period when there was little, if any, growth in the national market for the main ranges of merchandise which we sell. That we succeeded in increasing our share of the market for many important product groups is indicative of the merchandising skills of our staff as well as of the competitiveness of 'Boots for Value' prices.

In addition to offering our customers products at competitive prices, we also provide them with a wide selection from which to choose and especially so in the traditional chemist's shop inventory, where the extensive choice of proprietary items is complemented by our unique range of Boots Own Brands—a range we believe to be unsurpassed for quality, design and value. The development of Own Brands is not new to Boots: for over 90 years an increasing range of pharmaceuticals, toiletries and cosmetics, manufactured in our own factories and subject to the strictest quality control, has been a cornerstone of our 'Boots for Value' reputation. In recent years we have developed a wider range of Own Brands in other product ranges, for example electrical beauty items, shavers, photographic and audio equipment and also many household requisites.

We now have nearly 5,000 Boots branded products, many of which are available in several shades, varieties or sizes and together they account for more than a third of our total sales volume. It is not possible, of course, to sell the full range in the smaller branches, but our Development Programme, with its emphasis on shops with bigger sales areas, enables us to offer this unique range more readily to a larger number of our customers. In addition, this increasing number of department store type branches provides us with further opportunities for the development of additional Boots products in some merchandise groups in which we still have a relatively small share of the national market.

The selection and development of merchandise and the supporting promotion is fundamental to the success of our retailing business. We are, therefore, particularly gratified by the greatly improved facilities we now have for this important work following the move of our London Merchandise Departments from outmoded offices in several locations in Central London into Trent House. This new building, situated near Putney Bridge, in addition to having first class office accommodation, has functional buying selection areas and also excellent staff facilities. This collocation of Merchandise Departments in one building makes it much easier for our suppliers, particularly those who serve more than one department, to do their business with us.

In the past year our plans for the expansion of our baby business have come to fruition. There are now over 100 Boots branches with full Babyboots Departments selling a complete range of children's clothes for up to five year olds and a comprehensive range of nursery equipment in addition to the feedtime, changetime and bathtime items which are to be found in all our branches. This major development is proving successful and we hope to increase the number of Babyboots Departments to nearly 200 during the current financial year.

Business in dispensing continues to make steady progress with an increased number of prescriptions being dispensed. National Health Service dispensing is by no means the most profitable part of our chemists business and even our smallest branches, where it forms a substantial part of the takings, could not survive on N.H.S. remuneration alone. We appreciate the efforts of the Central N.H.S. Contractors Committee to negotiate better terms with the Government and we welcome the willingness of the Department of Health and Social Security realistically to take account of the enormous increases in salaries and other overhead expenses. The cost of the pharmaceutical service in the N.H.S.

Statement by the Chairman *continued*

is substantial and on that account is always under Government scrutiny. It should be remembered, however, that ingredients form the major part of the cost of prescriptions as a whole and these are subject to the same inflationary pressures as any other commodity. The part of the cost represented by the professional fee is relatively minor and we consider that the country is getting very good value for the money paid for N.H.S. dispensing.

High interest rates, rapid inflation in building costs and uncertainties caused by Government legislation, such as the Community Land Bill, have contributed to a general slowing-down of activity in the building industry. In the current climate it is likely that major shopping developments being undertaken by the leading property companies will become steadily fewer in number as those in the pipeline are completed. Despite these problems, we have felt it right to continue with our own programme of capital investment in new and modernised shops and during the year just ended, expenditure on our Shop Development Programme was £14·6m. compared with £11·3m. in the previous year. These figures do not include the costs of property acquisition which were £10·8m. as compared with £6·1m. in the previous year.

Forty-five new branches were opened, including large new stores at Belfast, Bath, East Kilbride, Crossgates (Leeds), Harrogate, Stourbridge, Bedminster and Wrexham. Many other branches were refitted and extended, including major stores such as Slough, Glasgow, Edinburgh, Bristol, Weston-super-Mare, Macclesfield, Gateshead, Blackpool and Kirkcaldy. A number of very small branches have been closed and, at the end of March, we had 1,306 Chemist Shops, a decrease of 21. After allowing for the closures, the net increase in sales area was 254,000 sq. ft. (in 1973/74 the increase was 170,000 sq. ft.).

During the current year, expenditure on the development of our shops will again increase considerably and major new stores are due to open in Bradford, Luton, Northampton, Hull, Derby, Hanley and Fareham—each with over 20,000 sq. ft. of sales area. Other large new stores are programmed for completion in Woking, Bognor and Lowestoft and there will be major extensions at Sutton Coldfield, Dundee, Dover, Lancaster, Scarborough and Lewisham. The total increase in sales area is planned to be approximately 300,000 sq. ft.

Timothy Whites has also experienced a difficult year and although the business continues to be profitable, a lot of management time and effort has been spent in considering the actions necessary to increase both sales and profits to a more satisfactory level. We are concerned that the present image of our shops, both in terms of external and internal appearance and in the range of merchandise that we are selling, does not appear to be producing a sufficient stimulus to sales. Since we are not yet satisfied that we have the right formula we have curtailed further developments until a number of experiments have been completed. Two shops have been closed and will re-open shortly in a new livery and with merchandise specially selected for kitchen and dining room. All the other shops are being subjected to inventory rationalisation so that we may create a new image of Timothy Whites as specialists in food accessories and in equipment necessary to the storage, serving and eating of food.

Boots world famous branch in Piccadilly Circus, which this year celebrated its fiftieth anniversary.

International Operations

Since it is appropriate to see the world as one market for non-retail activities we now include within the general ambit of International Operations all manufacturing and marketing, at home as well as abroad, together with the research and development which support them.

Manufacture

In common with most other British manufacturing companies we experienced great difficulties last year with shortages of raw materials, containers and components due to world conditions, the energy crisis and the three-day week. Fortunately these difficulties have now eased considerably. However the serious problem of cost inflation remains and increases have run at levels between 35% and 45%. We have, of course, put much effort into minimising the effects of these increases on the costs of our finished products and are continuing to do so.

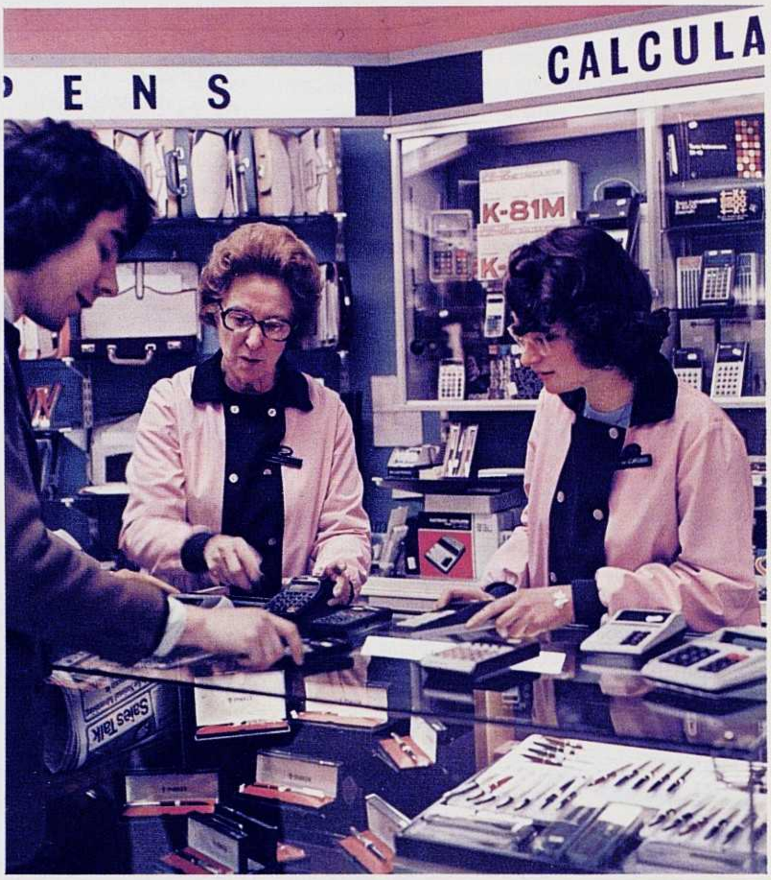
Despite these difficulties, activity in our factories continued at a high level and the total value of our output was about £86m. at manufacturing prices, an increase of 26% over last year. Much of this was due to price increases inevitably consequent on the raw material cost increases referred to above, and the real volume increase was considerably lower than in recent years.

Last year we appointed an engineer to be responsible for energy conservation not only in our factories but throughout the organisation. His role is to effect the necessary co-ordination between members of the Engineering

Three of the 45 new branches opened during the past 12 months. From left to right, Wantage, Stourbridge and the large department store in Belfast.

Views of the newly completed dispensary in the main Birmingham branch, and part of the Stationery Department at Harrogate, with assistants Millicent Beck and Adrianne Pawson.

The largest single floor branch in Scotland at East Kilbride is seen in the lower picture.



Statement by the Chairman *continued*

Department and energy conservation officers who are members of management charged with the responsibility of energy conservation in their respective areas of operation. Significant economies have already been made without affecting working efficiency and we are confident that further savings can be achieved in the future.

Reference was made in the last two statements to our substantial capital investment programme in new production facilities and this continues to be at a high level. The new pharmaceutical factory at Beeston will start operations in mid 1975 and the fourth addition to our Brufen plant will be on stream at about the same time. Further new manufacturing facilities are in the planning stage and work will start on a number of them during the present year.

Overseas we have completed the rebuilding of the pharmaceutical factory in Bombay and it is now in full operation. The excellent working facilities provided have been extremely well received by the staff and we can have confidence that it will operate with commendable efficiency.

Our factory in Sydney is being extensively enlarged in order to cope with the increasing business of our biggest overseas subsidiary company. The new facilities come into operation later this year.

As we continue to strive to maintain the high quality of our merchandise, it is perhaps worth noting that our Quality Control laboratories, in the United Kingdom alone, employ over 300 experienced staff including a high proportion of university graduates. They are engaged in exercising the strictest controls on the quality of the raw materials coming into our factories, the processes within them and the finished products before distribution. These laboratories examined over 350,000 samples last year.

Three views of the comprehensive Babyboots Department at Southport.

Marketing

It has again been a year of sustained progress in the vital export market and we achieved a sales volume of £22·9m., representing an increase of 34% over the previous year. All sectors of our business contributed to this achievement—Pharmaceutical, Chemical and Agrochemical. Brufen, our important anti-rheumatic product is now, with one or two exceptions, on sale in all major countries of the world. In the United States, where it was launched in October 1974 under the trade mark 'Motrin' our licensees, the Upjohn Company, have had a great success, quickly establishing a leading position in the anti-rheumatics market.

Exports to Japan are now running well in excess of £2m. annually. Our licensees for Brufen, Kakenyaku Kako Company of Tokyo, have shown great skill and determination in their extremely successful marketing operation. After discussions with them about consolidating the relationship between the two companies we were pleased to be able to acquire a minority interest in their company which will serve to cement the association between us and promote mutually beneficial co-operation in the future.

Sales by our Overseas Subsidiary Companies amounted to £25m., a 26% increase, and all have reported satisfactory results. The good progress made last year in Australia has been well maintained and we have been pleased to note that our Pakistan subsidiary has experienced an upturn in sales and profit after the adverse trading conditions through which it has been passing. Preparations are well advanced for the launching of new subsidiary companies in Belgium and Holland and it is particularly gratifying that this development has been made possible by our own direct endeavours in successfully exporting to the Benelux countries.

Within the U.K. our Ethical Medical sales have again grown significantly, with both Brufen and Prothiaden (a treatment for depressive illness) making good contributions to the overall result.

Excellent growth was achieved in our Contract and Chemical Marketing. Chemical sales to the dyestuffs, plastics, metal finishings and pharmaceutical industries improved by 32% and with special attention being paid to our export markets, chemical exports were in excess of £2m., a growth of 42%.

Crookes Anestan, whose products include Sweetex and Hermesetas ranges of artificial sweeteners, has had an especially good year, with a 42% increase in turnover.

Our Agrochemical operation had a successful year. Exports increased considerably and the first sales of our new insecticides—Mitac, a miticide for use on crops, and Taktic, a tickicide for use on animals—were made during the year. Sales of these products are expected to grow quickly over the next few years as registrations are achieved overseas.

A selection of Boots Own Brands, from our now familiar four shopping areas—Chemist (which includes Baby), Beauty/Fashion, Home and Leisure.

Chemist

Traditional lines from the Chemist's counter, plus foods, and everything for baby from nappies to clothes and toys.

Beauty/Fashion

Handbags, electrical beauty care and shavers. Cosmetics from N°7, Seventeen and Love for her. Toiletries for him. Shampoos and bubble baths for everyone

Home

An ever increasing range of Home Care disposable products—plus Boots Own Brand electrical appliances.

Statement by the Chairman *continued*

Boots Farm Sales operations in the U.K. were constrained by shortage of materials, unusual weather conditions over the last six months and the low profitability of livestock farming. Nevertheless they have shown a commendable sales and profit increase.

Research

It is one of the responsibilities of Research and Development not only to discover and develop new pharmaceuticals but also to convince the various governmental registration authorities throughout the world that the products are satisfactory with regard to the therapeutic claims made for them and that they are safe to use. These registration authorities are becoming more and more stringent with regard to their requirements. Not only are the costs of such work escalating at an alarming rate but there is now an increasing time lag before a new pharmaceutical can be made available on a world-wide basis.

During the last year we obtained marketing registration of Prothiaden in two important countries, South Africa and New Zealand. It is now marketed in 11 countries and marketing registrations are proceeding in 26 others.

Research continues to be involved in supporting our marketing efforts by reading scientific papers at major medical meetings throughout the world and in organising clinical trials on new medical indications. During the last year scientific papers were read on Brufen in all five continents. Doctors from the Company attended a large number of meetings to discuss the value of Brufen including several in Eastern Europe.

Social Responsibilities

During the year under review, the Board has set up a Social Responsibilities Committee composed of the three non-Executive Directors and the Executive Director responsible for Personnel. The purpose of the Committee is to hold a watching brief, in a consultative and advisory capacity, in important areas of the Company's social responsibility, such as the environment, staff relations and conditions, and customer relations.

Staff

The Directors express their sincere thanks to staff at all levels, wherever they may work in our world-wide operations, for the efforts they have made to maintain the Company's progress.

In the United Kingdom our 68,000 members of the Company have worked steadily and purposefully in a year when people in industry throughout the country have been unsettled by inflation and fear of job insecurity. We have faced the largest increase in the wage and salary bill in our history (from £65·7m. to £82·7m.) in striving to preserve as far as possible our position as good employers.

We employ many more women than men—largely because of the preponderance of women in our retail branches. We are anxious therefore to see them in positions of importance within the organisation and are very pleased to have appointed two women directors to boards of our subsidiary companies. Last year more than 400 graduates covering many different disciplines joined the Company and almost half of these were women.

One hundred branches of Boots The Chemists are managed by women pharmacists and this number will surely increase since more than half the graduates from schools of pharmacy are female.

'Getting the job done' involves countless consultations and discussions wherever we employ people and this is the bedrock of communication and involvement. Your directors recognise the pressing need in these unsettled times to develop the maximum understanding between staff at all levels whether they are in retail branches, factories, laboratories, warehouses or offices. Consequently we are extending the network of staff councils that exist in our main centres of industrial employment and welcome the involvement of the Trade Unions. We propose establishing a Central Staff Council with representatives from each of these works and office councils and this will form a link through to the main Board of the Company.

At the same time we are setting up staff committees in our larger retail branches and the next step will be territory staff committees to serve the needs of all the branches in a retail territory, an administrative grouping of 30/40 shops. In due course there will be a Central Retail Staff Committee with members from each of the 47 territory staff committees to take its place in the Central Staff Council. In this way we hope further to improve our internal information and consultation processes.

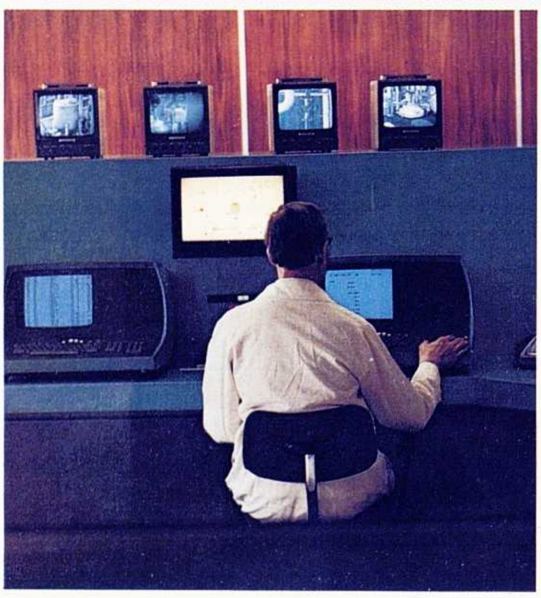
Leisure

For the enthusiast and the amateur—audio equipment, photography, gardening and wine and beer making.

The new Sion factory in India, and upper right, Dr. Hobday with the board of directors of the Indian Company, from left to right: Mr. S. Rangarajan, Mr. H. R. Malhotra, Managing Director, Dr. G. I. Hobday, Mr. N. S. Phatarphekar, Chairman, Mr. L. A. Coombs, Mr. J. N. Guzder, Mr. B. M. Ponappa.

Dr. Peter Main, Research Director, with Dr. Walter Dickinson and Mr. Graham Coxhill analysing results from the mass spectrometer in Nottingham.

A view of the new Tablet Factory at Beeston.



Coating Brufen tablets, and the control panel of the automated and computerised Brufen plant.
Wilf Buchanan working on the Kudos filling and packing line. All at Beeston.

Statement by the Chairman *continued*

The complex nature of our chemical and pharmaceutical operations requires stringent control to avoid problems in disposal of unwanted material and effluent. The Company Environmental Officer works closely with the production staff to this end and we value the cordial relationships built up with the Local Authority and Regional Water Board.

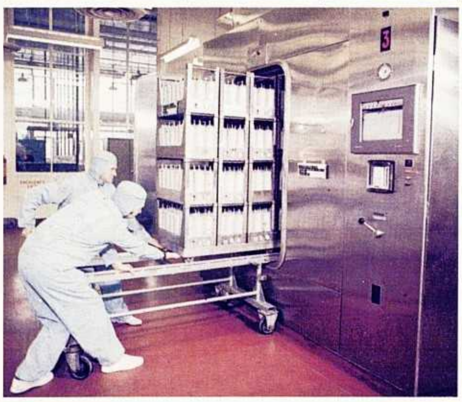
We are well placed to meet the requirements of the new Health and Safety At Work Act which recently came into effect and welcome the new emphasis placed on this important aspect of the working environment.

Like most companies we are extremely concerned at the effect of continuing inflation on our Pension Fund. A single pension scheme covers all our adult full-time employees in the U.K. and provides a pension directly related to wages or salary before retirement. The assets of the fund are held in trust, totally separate from the assets of the Company, and consist mainly of investments in leading British companies, commercial properties and farms. Income from these investments is crucial to the prosperity of the fund and Government measures which control profit and restrain dividends act against the interest of members of pension schemes as well as shareholders. The fund's liability for future benefits is very much affected by the substantial increase in wages and salaries of its member contributors, and this liability is growing at a rate which is certainly not matched by corresponding growth in investment income. In these circumstances we have not forgotten our retired staff. Their pensions were last increased in 1972 (out of surplus in the Fund at the time) and in order to increase these by 20% from April 1974 the Company decided to pay an extra £1½m. into the fund over the next three years to 1977 when the next actuarial valuation of the Fund is due. As a precautionary measure we have earmarked in the Company accounts £4·23m. to cover the Pension Fund actuarial deficit revealed by the triennial valuation at March 1974.

Top: Sweetex packing at Airdrie, near Glasgow.

Centre: A new giant autoclave for heat sterilisation of Polyfusor ampoules at Beeston.

Lower: Robert Creswick in Boots Printing Department examining a copy of Boots Scribbling Diary 1976— the eightieth edition.



Board Appointment

The Board have appointed Mr. A. D. Spencer to be a Managing Director from 1st June 1975. Mr. Spencer joined the Board in 1968 and latterly he has been the senior director concerned with our retailing operations. In his new position he will take charge of operations over all the Company's business. Mr. D. E. M. Appleby, Managing Director, will continue his responsibility for overall financial planning and control. Your Directors believe that reinforcement of responsibility at this senior level is necessary in order to deal most effectively with the many problems which the Company faces in its planning and in its operations now and in the future.

Prospects

The uncertainties of the economic situation in which Britain now languishes makes assessment of the Company's prospects even more difficult than it was last year. Clearly more effective steps have yet to be taken by the Government to reduce the very high rate of inflation which is so destructive to our economy. We should be more confident of their determination and ability to bring down the rate of inflation, at least to the level in other countries of Europe, if measures which are relevant to it took preference over doctrinaire legislation, like the Industry Bill and the Employment Protection Bill, which seem more likely to exacerbate the economic situation than to improve it.

At the time this report goes to press the referendum on Britain's membership of the E.E.C. has not yet taken place. Your Board are unanimous in believing that continuation of Britain's membership is outstandingly important to the future prosperity of the country and, therefore, of our Company. We hope that not only will the result of the referendum give the Government the mandate for which they have asked but that it may also enable them to conduct national affairs in future more in harmony with that desire for moderation which characterises the majority of the electorate.

Unless inflation can be brought under control and reduced substantially there is not likely to be any real growth in consumer spending during the present year. In these circumstances retail traders are going to be fighting hard to maintain their sales volume and, with the rise in operating costs, margins will undoubtedly be under pressure. Boots trading policies, our merchandise and the increased selling space coming into use should enable us to increase still further our market share and show some real growth in our retail business but clearly we are not going to make the progress we would hope to achieve in a more buoyant economic situation. We can expect our overseas business to continue to advance and so, overall, we may reasonably look for some progress in this particularly difficult year.

Group profit and loss account for the year ended 31st March 1975

	Notes	1975 £000	1974 £000
Net world sales		**531,483**	441,471
Deduct VAT		**28,672**	27,283
		502,811	414,188
Trading profit	2	**66,495**	64,563
Interest on loan capital		**822**	839
Profit before taxation		**65,673**	63,724
Taxation	3	**33,990**	32,805
Profit after taxation		**31,683**	30,919
Attributable to minority interests		**273**	158
Profit attributable to shareholders	4	**31,410**	30,761
Dividends paid and proposed			
Interim of **1·6285p** per share (1974 1·47p)		**2,900**	2,618
Proposed final of **2·8542p** per share (1974 2·6557p)		**5,083**	4,729
Profit retained		**23,427**	23,414
Earnings per share	5	**17·6p**	17·3p

The notes on pages 20 to 23 form part of the accounts

Sources and applications of funds for the year ended 31st March 1975

	1975 £m	1974 £m
Sources of funds from within the group		
Profit for the year	**65·7**	63·7
Depreciation	**7·3**	6·2
Book value of fixed assets sold	**1·5**	2·2
Sources of funds from outside the group	**·1**	·3
	74·6	72·4
Applications of funds		
Capital expenditure	**35·7**	25·0
Increase in working capital	**8·7**	20·4
Taxation and dividends paid	**26·5**	35·7
Other applications	**·3**	1·2
	71·2	82·3
Increase in short term investments and cash balances (1974 decrease)	**3·4**	9·9
	74·6	72·4

Tax paid = 26500
7983
18517.

Group balance sheet 31st March 1975

Sources of capital	Notes		1975 £000		1974 £000
Shareholders' interests					
Share capital	6		**44,521**		44,521
Share premium			**3,289**		3,289
Reserves	7		**130,916**		107,582
			178,726		155,392
Loan capital	8		**11,819**		11,936
Minority interests			**849**		631
Deferred taxation	9		**26,138**		8,967
			217,532		176,926

Employment of capital	Notes		1975 £000		1974 £000
Fixed assets	10		**148,139**		121,343
Unquoted investments	12		**23**		38
Net current assets Stock	1	**87,044**		74,065	
Debtors		**32,424**		25,923	
Cash and short term investments		**50,405**		39,708	
		169,873		139,696	
Less:					
Creditors		**54,173**		43,374	
Due to bankers	13	**15,003**		7,727	
Taxation		**26,244**		28,321	
Final dividend		**5,083**		4,729	
		100,503		84,151	
			69,370		55,545
			217,532		176,926

G. I. HOBDAY
D. E. M. APPLEBY | Directors

The notes on pages 20 to 23 form part of the accounts

Company balance sheet — 31st March 1975

Sources of capital	Notes	1975 £000	1974 £000
Shareholders' interests			
Share capital	6	**44,521**	44,521
Share premium		**3,289**	3,289
Reserves	7	**78,615**	62,087
		126,425	109,897
Loan capital	8	**7,743**	7,750
Deferred taxation	9	**10,301**	242
		144,469	117,889

Employment of capital

	Notes	1975 £000	1975 £000	1974 £000	1974 £000
Fixed assets	10		**29,695**		23,887
Subsidiaries	11		**73,795**		60,295
Net current assets Stock	1	**40,893**		36,200	
Debtors		**21,080**		16,933	
Cash and short term investments		**46,654**		37,406	
		108,627		90,539	
Less:					
Creditors		**40,612**		32,574	
Due to bankers		**13,636**		6,666	
Taxation		**8,317**		12,863	
Final dividend		**5,083**		4,729	
		67,648	**40,979**	56,832	33,707
			144,469		117,889

G. I. HOBDAY
D. E. M. APPLEBY — Directors

The notes on pages 20 to 23 form part of the accounts

Notes relating to the accounts

1. Accounting policies

(a) Depreciation

Depreciation is calculated to write off assets during their expected normal lives. Buildings and shop fixtures and fittings are depreciated in equal annual instalments, and plant, including vehicles, by fixed percentages of residual book values.

(b) Stock

Stock is valued at the lower of cost and net realisable value. Cost of manufactured goods comprises direct labour, materials and factory overheads, certain administration overheads being included in the cost of finished products. Warehouse and delivery costs are not included in the valuation of retail stocks.

(c) Subsidiaries

(i) Accounts of overseas subsidiaries are converted into sterling at rates of exchange approximating to those ruling at 31st March 1975. Profits and losses arising on conversion of net current assets of these subsidiaries are included in trading profit and where they relate to fixed assets less loans, are dealt with through reserves.

(ii) The accounts of overseas subsidiaries have been made up to 31st December 1974 in order to facilitate early presentation of group accounts.

(d) Research and development

Expenditure, other than on buildings and plant, is charged against profits in the year in which it is incurred.

(e) Deferred taxation

Deferred taxation represents the effect of the allocation for taxation purposes of income and expenditure (including depreciation) to periods different from those used for accounting purposes and is calculated at the corporation tax rate of 52%. Advance corporation tax recoverable is deducted from this provision.

2. Trading profit

		1975 £000		1974 £000
(a) Trading profit is after adding:				
Income from short term investments		**4,912**		5,775
Income from unquoted investments		**2**		1
and after deducting: Depreciation		**7,259**		6,161
Profit earning bonus for staff		**5,607**		5,482
Bank and other short term interest		**325**		229
Computer and plant hire		**674**		457
Remuneration of auditors		**59**		46
Remuneration of directors of parent company:				
As directors	**15**		14	
As executives	**279**		260	
Pension funding payment for past director	**—**		28	
		294		302
(b) Remuneration of directors:				
Chairman		**36**		37
Others:		**Number**		Number
£32,501 to £35,000		**—**		1
£30,001 to £32,500		**1**		—
£22,501 to £25,000		**1**		2
£20,001 to £22,500		**1**		—
£17,501 to £20,000		**2**		2
£15,001 to £17,500		**2**		1
£12,501 to £15,000		**1**		1
£7,501 to £10,000		**—**		1
Not more than £2,500		**3**		3
(c) Number of employees earning:				
£12,501 to £15,000		**8**		1
£10,001 to £12,500		**39**		33

Notes relating to the accounts continued

3. Taxation

	1975 £000	1974 £000
The taxation charge on the profit of the year consists of:		
UK corporation tax at 52%	**32,995**	32,768
Relief for overseas taxation	**1,060**	767
	31,935	32,001
Transitional relief for advance corporation tax	—	1,011
Total UK taxation	**31,935**	30,990
Overseas taxation	**2,055**	1,815
	33,990	32,805

No provision has been made for taxation liabilities which would arise on the distribution of profits retained by overseas subsidiaries.

4. Profit retained by parent company

	1975 £000	1974 £000
Attributable to shareholders	**31,410**	30,761
Deduct profit retained by subsidiaries	**7,015**	6,248
Profit of parent company	**24,395**	24,513
Deduct dividends paid and proposed	**7,983**	7,347
Retained by parent company	**16,412**	17,166

5. Earnings per share

The calculation of earnings per share is based on earnings of £31,410,000 (1974 £30,761,000) and 178,083,968 ordinary shares in issue throughout the two years ended 31st March 1975.

6. Share capital

		1975 £000	1974 £000
Ordinary shares of 25p each:	Authorised	**50,000**	50,000
	Issued and fully paid	**44,521**	44,521

7. Reserves

	Group £000	Parent £000
At 31st March 1974	**107,582**	**62,087**
Profit retained	**23,427**	**16,412**
Currency and other adjustments	**(93)**	**116**
At 31st March 1975	**130,916**	**78,615**

The consulting actuary to the Boots Pension Fund reported an actuarial deficit of £8·83m at 31st March 1974, and as a safeguard, the directors have provisionally earmarked £4·23m of these reserves as unavailable for distribution, being the amount of that deficit after tax relief.

Notes relating to the accounts continued

8. Loan capital

	Group 1975 £000	Group 1974 £000	Parent 1975 £000	Parent 1974 £000
Secured:				
$3\frac{1}{4}$% first mortgage debenture stock 1982	**1,000**	1,000	—	—
$4\frac{7}{8}$% mortgage loan	**221**	221	—	—
$8\frac{1}{2}$% debenture stock 1978/82	**254**	254	—	—
Unsecured:				
6% loan stock 1978/83	**2,066**	2,066	**2,066**	2,066
$6\frac{1}{4}$% loan stock 1983/88	**1,073**	1,103	—	—
$7\frac{3}{4}$% loan stock 1988/93	**5,677**	5,684	**5,677**	5,684
8% loan stock 1986/91	**1,528**	1,608	—	—
	11,819	11,936	**7,743**	7,750

(a) All loans are repayable at par, except the 8% loan stock, which is repayable at £105 per cent.

(b) The $4\frac{7}{8}$% mortgage loan is repayable after 1st March 1977 on notice from the lenders.

(c) The $6\frac{1}{4}$% and 8% loan stocks are redeemable by yearly sinking funds.

9. Deferred taxation

	Group 1975 £000	Group 1974 £000	Parent 1975 £000	Parent 1974 £000
Stock appreciation relief for the two years ended 31st March 1975	**8,698**	—	**6,615**	—
Other deferred taxation	**20,177**	12,461	**6,423**	3,736
	28,875	12,461	**13,038**	3,736
Advance corporation tax recoverable	**(2,737)**	(3,494)	**(2,737)**	(3,494)
	26,138	8,967	**10,301**	242

10. Fixed assets

		Group Property £000	Group Fixtures and plant £000	Group Total £000	Parent Property £000	Parent Fixtures and plant £000	Parent Total £000
Cost or valuation	At 1st April 1974	101,150	65,677	166,827	18,199	23,899	42,098
	Capital expenditure	20,246	15,418	35,664	2,282	6,036	8,318
	Disposals	(2,107)	(2,346)	(4,453)	(24)	(579)	(603)
	Transfers and adjustments	(102)	(435)	(537)	—	(19)	(19)
	At 31st March 1975	119,187	78,314	197,501	20,457	29,337	49,794
	Cost	70,179	78,314	148,493	10,843	29,337	40,180
	Independent valuation 1958	9,625	—	9,625	9,614	—	9,614
	1959	1,367	—	1,367	—	—	—
	1965	36,916	—	36,916	—	—	—
	Directors' valuation 1971	1,100	—	1,100	—	—	—
		119,187	78,314	197,501	20,457	29,337	49,794
Depreciation	At 1st April 1974	14,744	30,740	45,484	5,258	12,953	18,211
	Depreciation for year	1,812	5,447	7,259	453	1,865	2,318
	Disposals	(1,054)	(1,862)	(2,916)	(21)	(410)	(431)
	Transfers and adjustments	(44)	(421)	(465)	—	1	1
	At 31st March 1975	15,458	33,904	49,362	5,690	14,409	20,099
Net book value at 31st March 1975		103,729	44,410	148,139	14,767	14,928	29,695

The tenure of properties is as follows:

	Group Freehold £000	Group Long lease £000	Group Short lease £000	Group Total £000	Parent Freehold £000	Parent Long lease £000	Parent Short lease £000	Parent Total £000
Cost or valuation	91,608	13,827	13,752	119,187	19,394	111	952	20,457
Depreciation	10,308	1,456	3,694	15,458	5,354	16	320	5,690
Net book value	81,300	12,371	10,058	103,729	14,040	95	632	14,767

Notes relating to the accounts continued

11. Subsidiaries

			1975 £000	1974 £000
(a)	Investments:	At book value of net assets at acquisition	**15,268**	15,268
		At par or cost	**12,505**	12,286
			27,773	27,554
(b)	Loans:	Due to parent	**10,046**	9,883
		Due to subsidiaries	**(31)**	(29)
	Current accounts:	Due to parent	**40,911**	26,153
		Due to subsidiaries	**(4,904)**	(3,266)
			46,022	32,741
			73,795	60,295

(c) A list of the principal subsidiaries is shown on page 4.

12. Unquoted investments

Unquoted investments of the group are valued by the directors at £28,000. A subsidiary has a shareholding of approximately 30% in Beacon Products Ltd. which operates in Eire. The latest audited accounts to 31st December 1973 showed issued share capital of £51,900 and reserves of approximately £58,000.

13. Due to bankers

Overdrafts of certain overseas subsidiaries amounting to £1,240,000 at 31st December 1974 (1973 £1,018,000) were secured on the assets of those subsidiaries.

14. Commitments

Future capital expenditure approved by the directors and not provided for in these accounts is as follows:

	Group		Parent	
	1975 £000	1974 £000	**1975 £000**	1974 £000
Contracts placed	**22,922**	15,178	**2,930**	4,362
Contracts not placed	**5,081**	12,294	**682**	1,335
	28,003	27,472	**3,612**	5,697

15. Contingent liabilities

Certain overseas subsidiaries had discounted bills of exchange at 31st December 1974 amounting to £469,000 (1973 £744,000).

Report of the auditors to the members of The Boots Company Ltd.

We have examined the balance sheet and group accounts and the statement of sources and applications of funds set out on pages 16 to 23. The accounts of certain subsidiaries have been audited by other firms.

In our opinion the balance sheet and the group accounts comply with the Companies Acts, 1948 and 1967, and give respectively a true and fair view of the state of the company's affairs at 31st March 1975 and, so far as concerns members of the company, a true and fair view of the state of affairs and of the profit of the group.

In our opinion the statement on page 17 gives a true and fair view of the sources and applications of the group's funds for the year ended 31st March 1975.

We have also examined the summary of results adjusted for the effects of inflation together with the explanatory notes thereon on pages 24 and 25 which have been prepared in accordance with the provisional Statement of Standard Accounting Practice No. 7. In our opinion they restate fairly, in summarised form, the results for the year and financial position of the group expressed in terms of the general purchasing power of money at 31st March 1975.

PEAT, MARWICK, MITCHELL & CO., Chartered accountants, Birmingham and London. 19th May 1975.

Summary of results adjusted for the effects of inflation

Group profits	Notes	Current general purchasing power basis 1974 £m	Current general purchasing power basis **1975 £m**	Historical basis **1975 £m**	Historical basis 1974 £m
Net world sales		562·3	**580·8**	**531·5**	441·5
Profit before taxation	2	70·0	**57·9**	**65·7**	63·7
Taxation		39·4	**34.0**	**34·0**	32·8
Profit after taxation		30·6	**23·9**	**31·7**	30·9
Attributable to minority interests		·2	**·3**	**·3**	·2
Profit attributable to shareholders		30·4	**23·6**	**31·4**	30·7
Dividends		9·0	**8·1**	**8·0**	7·3
Profit retained		21·4	**15·5**	**23·4**	23·4

Financial position at 31st March 1975	Notes	1974 £m	**1975 £m**	**1975 £m**	1974 £m
Fixed assets	3	221·1	**245·4**	**148·1**	121·3
Net current assets		68·7	**72·8**	**69·4**	55·6
		289·8	**318·2**	**217·5**	176·9
Loan capital		14·4	**11·8**	**11·8**	11·9
Minority interests		·6	**·9**	**·9**	·6
Deferred taxation		10·9	**26·1**	**26·1**	9·0
Total shareholders' interests		263·9	**279·4**	**178·7**	155·4

Ratios	1974	**1975**	**1975**	1974
Earnings per share	17·1p	**13·3p**	**17·6p**	17·3p
Dividends (times covered)	3·4	**2·9**	**3·9**	4·2
Profit (before interest on loan capital and taxation) as % of capital employed	24·5%	**18·5%**	**30·6%**	36·5%
Taxation as % of profit before taxation	56·3%	**58·7%**	**51·8%**	51·5%

Notes relating to results adjusted for the effects of inflation

1. Basis of adjustment

The figures shown in the financial accounts have been converted into pounds of current general purchasing power by using factors which give effect to the decline in the value of money due to inflation.

The factors are calculated from changes in appropriate price indices ("the consumers' expenditure deflator" for transactions prior to 1962, and "the index of retail prices" for transactions from 1962 to 31st March 1975).

The adjusted figures for both 1974 and 1975 are therefore measured in pounds of purchasing power at 31st March 1975 when the index was 124·3 (31st March 1974: 102·6).
Both figures are based on January, 1974 = 100.

2. Profit before taxation

Reconciliation of profit on the two bases	**1975**		1974	
	£m	**£m**	£m	£m
Profit before taxation (historical basis)		**65·7**		63·7
Adjustments to convert to current general purchasing power basis:				
Stocks	**(13·6)**		(6·0)	
Depreciation of fixed assets	**(6·3)**		(4·5)	
Gain on net monetary liabilities	**8·5**		2·2	
Sales, purchases and expenses	**3·6**	**(7·8)**	2·8	(5·5)
		57·9		58·2
Adjustment required to restate last year's profit in 1975 pounds		—		11·8
Profit before taxation (current general purchasing power basis)		**57·9**		70·0

3. Fixed assets

		Current general purchasing power basis		Historical basis	
		1974	**1975**	**1975**	1974
		£m	**£m**	**£m**	£m
Cost or valuation:	Properties	198·6	**217·9**	**119·2**	101·1
	Fixtures and plant	124·2	**135·7**	**78·3**	65·7
		322·8	**353·6**	**197·5**	166·8
Depreciation:	Properties	32·7	**34·8**	**15·5**	14·7
	Fixtures and plant	69·0	**73·4**	**33·9**	30·8
		101·7	**108·2**	**49·4**	45·5
Fixed assets		221·1	**245·4**	**148·1**	121·3

Properties
Revalued properties have been converted by referring to the index at the date of revaluation. Subsequent outlay has been converted by reference to date incurred.

4. Overseas results

Overseas figures have been included at historical cost and no conversion to a current purchasing power basis has been made since the figures are not considered to be material.

Group financial record

		£m 1975
Sales and profits	**Net world sales**	531·5
	Profit before taxation	65·7
	Taxation	34·0
	Profit after taxation	31·7
	Minority interests	·3
	Dividends paid	8·0
	Income tax on dividends	—
Funds retained	Profit retained	23·4
	Depreciation	7·3
		30·7
Capital expenditure		35·7
Sources of capital	Share capital	44·5
	Reserves	134·2
	Shareholders' interests	178·7
	Loan capital	11·8
	Other sources	27·0
		217·5
Employment of capital	Fixed assets	148·1
	Net current assets	69·4
		217·5
Other statistics	Earnings per share (note 1)	17·6p
	Dividend per share (gross/including tax credit) adjusted for scrip issues	6·8p
	Profit (before interest on loan capital and taxation) as % of net book value of capital employed (note 2)	30·6

Notes

1. No figures are shown for earnings per share prior to 1974 since they would not be on a comparable basis due to changes in the taxation system.
2. The book value of the group's property which approaches 50% of the capital employed is, in the opinion of the directors, substantially below its current value.

1974	1973	1972	1971	1970	1969	1968	1967	1966
441·5	368·1	303·5	257·4	223·9	212·2	161·6	150·9	142·8
63·7	56·7	34·2	25·0	20·2	19·1	16·8	14·9	15·2
32·8	22·8	14·5	10·7	9·2	9·1	7·6	6·0	5·7
30·9	33·9	19·7	14·3	11·0	10·0	9·2	8·9	9·5
·2	·1	·1	—	—	—	—	—	—
7·3	6·9	6·0	5·1	4·5	3·9	3·3	3·2	3·6
—	1·4	3·8	3·4	3·1	2·8	2·3	2·2	—
23·4	25·5	9·8	5·8	3·4	3·3	3·6	3·5	5·9
6·2	5·6	5·2	4·9	4·4	4·2	3·6	3·2	2·9
29·6	31·1	15·0	10·7	7·8	7·5	7·2	6·7	8·8
25·0	11·9	10·6	9·5	8·3	6·2	6·9	8·1	8·4
44·5	44·5	44·5	44·5	44·5	44·5	38·4	38·4	38·4
110·9	89·0	63·4	54·9	49·5	45·4	39·1	35·1	31·8
155·4	133·5	107·9	99·4	94·0	89·9	77·5	73·5	70·2
11·9	12·3	12·4	12·4	12·5	12·6	2·1	2·1	2·1
9·6	4·3	4·9	4·0	3·9	5·4	3·8	3·1	2·7
176·9	150·1	125·2	115·8	110·4	107·9	83·4	78·7	75·0
121·3	104·5	99·5	95·8	91·9	89·8	70·4	67·5	63·4
55·6	45·6	25·7	20·0	18·5	18·1	13·0	11·2	11·6
176·9	150·1	125·2	115·8	110·4	107·9	83·4	78·7	75·0
17·3p								
6·1p	5·8p	5·5p	4·8p	4·3p	3·7p	3·6p	3·5p	3·5p
36·5	38·4	28·0	22·3	19·1	18·4	20·3	19·0	20·5

Shareholders' interests

Shareholdings range	Shareholders Number	Shareholders %	Shares Number	Shares %
1—500	66,538	58·5	15,808,336	8·9
501—1,000	22,799	20·0	17,222,117	9·7
1,001—10,000	23,500	20·7	56,225,373	31·6
10,001—100,000	837	·7	22,934,445	12·9
100,001—1,000,000	168	·1	47,848,601	26·8
Over 1,000,000	9		18,045,096	10·1
	113,851		178,083,968	

Category of shareholders	Shareholders Number	Shareholders %	Shares Number	Shares %
Pension funds	228	·2	7,714,229	4·3
Insurance companies	418	·4	25,911,367	14·6
Investment trusts	343	·3	5,770,169	3·2
Bank and nominee companies	5,852	5·1	45,772,813	25·7
Other corporate bodies	1,059	·9	8,139,218	4·6
Other shareholders	105,951	93·1	84,776,172	47·6
	113,851		178,083,968	

The directors are not aware that any person held 10% or more of the share capital of the company on 19th May 1975.

Directors' shareholdings and transactions

The names of the directors and the interests of each director and his family in the share and loan capital of the company at 31st March 1975 are shown below. Holdings at 1st April 1974 or at the date of appointment within the year, are shown in brackets where these differ.

	Number of shares Beneficially held	Number of shares Otherwise held	Loan stock All beneficially held
G. I. Hobday, Chairman	12,000	—	£101
D. E. M. Appleby, Managing director	1,600	—	—
J. H. Arkell, C.B.E.	1,500	—	—
L. A. Coombs	2,000	—	—
H. J. Hann	1,000 (600)	200	—
B. Jefferies	2,000	—	£177
P. T. Main, M.D.	500 (300)	—	—
Lord Redmayne, P.C., D.S.O.	2,000	—	—
A. D. Spencer	1,250	—	—
M. J. Verey	3,650	— (10,300)	—
A. G. S. Wilkes	354	—	—
F. W. Wright, F.P.S.	400	—	—

Directors' holdings at 19th May 1975 are unchanged.

Printed by The Boots Company Ltd., Nottingham, England.